

## Message Text

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21

ACTION AF-06

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P R 030620Z AUG 75

FM AMEMBASSY TANANARIVE

TO SECSTATE WASHDC PRIORITY 7556

INFO AMEMBASSY DAR ES SALAAM

AMEMBASSY NAIROBI

AMEMBASSY PRETORIA

AMEMBASSY PORT LOUIS

AMEMBASSY PARIS

C O N F I D E N T I A L TANANARIVE 1487

E.O. 11652: GDS

TAGS: PINT, EINV, MA, FR

SUBJECT: MAJOR FRENCH COMPANY NATIONALIZED: RATSIRAKA'S MARATHON  
SPEECH CONTINUES

REF: A. TANANARIVE 1465 (NOTAL); B. TANANARIVE A-060,  
8/8/75 (NOTAL)

SUMMARY: RATSIRAKA ANNOUNCES NATIONALIZATION OF MADAGASCAR'S  
LARGEST TRADING COMPANY. HIS MARATHON POLICY SPEECH CHARTING  
"REVOLUTIONARY SOCIALISM" CONTINUES. FRENCH AMBASSADOR SEES  
GLOOMY OUTLOOK FOR FRENCH BUSINESS. END SUMMARY.

1. MALAGASY PRESIDENT, DIDIER RATSIRAKA, SPEAKING IN PROVINCIAL  
CENTER FIANARANTSOA AUGUST 29, ANNOUNCED IMMINENT NATIONALI-  
ZATION OF FRENCH-OWNED COMPAGNIE MARSEILLAISE (CMM), MADA-  
GASCAR'S LARGEST TRADING COMPANY. MARSEILLAISE, WITH OVER  
100 BRANCHES THROUGHOUT MADAGASCAR, HAS BEEN THE COUNTRY'S  
LARGEST SINGLE IMPORTER, EXPORTER, AND DISTRIBUTOR AND WAS  
REPORTEDLY WORTH APPROXIMATELY \$10 MILLION BOOK VALUE.  
EARLIER THIS YEAR FIRM WAS ACCUSED BY FORMER CHIEF OF  
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STATE RATSIMANDRAVA OF DEFRAUDING THE GOVERNMENT IN REPATRI-  
ATION OF FOREIGN EXCHANGE. SEVERAL EXPATRIATE EMPLOYEES  
WERE JAILED OR BARRED FROM LEAVING COUNTRY. RATSIRAKA  
ANNOUNCING NATIONALIZATION SAID "NEGOTIATIONS" WITH COMPANY

WERE IN PROGRESS AND THAT "MARSEILLAISE WILL PROBABLY BE OURS NEXT WEEK." HE SAID NOTHING ABOUT ANY COMPENSATION.

2. RATSIRAKA'S POLICY ADDRESS TO THE NATION, BEGUN AUGUST 26, IS ASSUMING CASTROITE PROPORTIONS, AS DAILY INSTALLMENTS CONTINUE TO APPEAR IN LOCAL MEDIA WITHOUT AS YET AN END IN SIGHT. ADDRESS HAS BEEN HIGHLY IDEOLOGICAL IN CONTENT AND TONE, LADEN WITH TERMINOLOGY SUCH AS "CLASS STRUGGLE," "THE SOCIALIST REVOLUTIONARY STATE," "DEMOCRATIC CENTRALISM," THE "EXPANSIONIST AND IMPERIALIST INDUSTRIALIZED COUNTRIES," AND THE LIKE.

3. AMONG MORE SPECIFIC MATERIAL ANNOUNCED OR RESTATED IN ADDRESS, RATSIRAKA HAS DECLARED THAT (A) THE STATE WILL TAKE OVER ALL PRINCIPAL MEANS OF PRODUCTION ("ENERGY, MINES, BASIC INDUSTRIES, ETC."); (B) ALL LANDS EITHER NOT UTILIZED OR NOT OWNED BY THOSE WHO WORK THEM WILL BE CONFISCATED AND REDISTRIBUTED TO THE PEASANTS; (C) ALL MADAGASCAR'S FOREIGN TRADE IS TO BE NATIONALIZED "WITH THE LEAST POSSIBLE DELAY"; AND (D) THE INDUSTRIAL SECTOR IS TO BE "CLEANSED" BY THE CREATION OF STATE ENTERPRISES WHICH WILL "REGROUP" THE VARIOUS INDUSTRIES IN EACH SECTOR OF THE ECONOMY. RATSIRAKA ALLOWED THAT "WE ACCEPT PRIVATE PROPERTY THAT IS NOT ABUSIVE," BUT ROLE ALLOWED FOR PRIVATE PROPERTY IN HIS SCHEME OF THINGS IS APPARENTLY QUITE LIMITED. SIMILARLY, GOVERNMENT MAY ALLOW "MIXED ENTERPRISES" IN "NON-VITAL" OR "NON-ESSENTIAL" SECTORS OF THE ECONOMY, AND MAY TOLERATE ELEMENTS OF THE "NATIONAL BOURGEOISIE" NOT TIED TO IMPERIALIST INTERESTS, AS LONG AS THE "NATIONAL BOURGEOISIE" CAN BE "RE-EDUCATED" AND THE GOVERNMENT TAKES CARE NOT TO FALL INTO "THOUGHTLESS COMPROMISE" WITH BOURGEOIS IDEOLOGY.

4. COMMENT:

IN CONVERSATION WITH CHARGE SEPTEMBER 1, FRENCH AMBASSADOR ANDRE ROGER SAID THAT PRESS REPORTS INDICATING THAT WEEK PRECEDING ANNOUNCEMENT OF NATIONALIZATION HAD SEEN NEGOTIA-  
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TIONS BETWEEN COMPAGNIE MARSEILLAISE AND GOMR WERE TOTALLY FALSE. AMBASSADOR SAID THERE HAD BEEN NO SIGNIFICANT DISCUSSIONS FOR PAST FEW WEEKS. WHEN ASKED IF ANY COMPENSATION WAS EXPECTED, AMBASSADOR REPLIED, "NOT A FARTHING." ROGER SAID GOMR TAKEOVER OF CMM WAS SIMILAR TO THAT OF NASA IN THAT GENDARMES ENTERED OFFICES AUGUST 31 AND HAVE BARRED ENTRY BY FRENCH EMPLOYEES SINCE THAT TIME.

5. AMBASSADOR SAID HE EXPECTED THAT NEXT MOVE BY PRESIDENT RATSIRAKA WOULD BE AGAINST LARGE FRENCH-OWNED PLANTATIONS. FURTHER NATIONALIZATIONS "HANG OVER THE HEAD OF FRENCH BUSINESS HERE LIKE THE SWORD OF DAMOCLES," HE ADDED. AMBASSADOR ADMITTED THAT HE HAD BEEN MORE

OPTIMISTIC A FEW WEEKS AGO BELIEVING THEN THAT RATSIRAKA WOULD FOLLOW MORE PRAGMATIC COURSE AFTER FIRST DRAMATIC NATIONALIZATIONS, BUT AMBASSADOR SAID HE HAD NOW REPORTED TO PARIS THAT SUCH HOPES HAVE EVAPORATED. RATSIRAKA'S STOCK IN PARIS IS NOW LOW, AMBASSADOR SAID, APPARENTLY BASED ON HIS MISLEADING FRENCH DURING RATSIRAKA'S MAY VISIT. AMBASSADOR AGREED WITH CHARGE THAT RATSIRAKA APPARENTLY WAS CAUGHT IN THE REVOLUTIONARY MOMENTUM HE HAD CREATED. AMBASSADOR SAID HE EXPECTED RATSIRAKA TO CONTINUE TO LOOK FOR NEW MOVES TO KEEP HIS POLITICAL STOCK HIGH. ROGER SAID THAT BOTH GOMR MINISTERS OF FINANCE AND OF ECONOMY HAD CONFIDED THEIR FEAR OF ECONOMIC CHAOS FOLLOWING THE CMM NATIONALIZATION BECAUSE THEY DOUBTED THE ABILITY OF GOMR STATE TRADING ORGANIZATIONS TO TAKE OVER EXPORT-IMPORT FUNCTIONS OF CMM.

6. RATSIRAKA'S POLICY ADDRESS SEEMS MAINLY AIMED AT EDUCATING THE MALAGASY POPULACE IN HIS PRINCIPLES OF "REVOLUTIONARY SOCIALISM." SPEECH MAY APPEAL TO ALREADY COMMITTED STUDENT AND INTELLECTUAL RADICALS, BUT COMMENT HEARD BY EMBASSY SO FAR HAS BEEN UNIFORMLY UNFAVORABLE WITH MALAGASY COURCES NOTING RATSIRAKA'S FAILURE TO ADDRESS PRESSING PROBLEMS OF UNEMPLOYMENT, INFLATION, ECONOMIC STAGNATION OR DECLINE, AND THE LIKE. IT SHOULD BE NOTED, HOWEVER, THAT MALAGASY WHO SPEAK TO EMBASSY THESE DAYS ARE LARGELY EDUCATED MERINA.  
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## Message Attributes

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